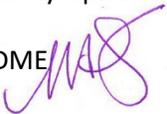


March 13, 2020

MEMORANDUM

TO: Mayor Rick Stopfer
Irving City Council
City Manager Chris Hillman

RE: COVID-19 Visitor Economy Update

FR: Maura Allen Gast, FCDME 

CC: ICVB Board Chair Rick Lindsey
ICVB Board Vice Chair Karen Cooperstein

Early data on COVID-19's impact on the Irving visitor economy shows significant impact across the spectrum. While impact data continues to play out, and the situation continues its rapid evolution, information thus far suggests the downturn will carry through March and into April.

2019-20 had started out very well for the performance of the Irving Convention Center and had stayed very steady for Irving hotels, with the Q1 hotel occupancy tax collections received in mid-February showing 2.1% over the same quarter last year. The Convention Center was on pace for a record year and as of its January financials, was well set for the rest of the year, with the business that was already on the books. January and February were solid months, but the cancellations and postponements starting coming in the last week of February and have continued. The initial cancellations were a combination of fear of travel and corporate dictates restricting or eliminating travel. We have anecdotal reports about transient business travel also falling off, but no real data yet. To that end, we have purchased additional detailed reporting from Smith Travel Research (STR) that will give us a weekly snapshot by performance segment; we hope to have that data in hand next week so that we can better evaluate the situation.

Housekeeping and operations staff were called in early this morning to start breaking down a 1,000-person event that was already underway and was scheduled to go through this Saturday. All other groups that had been on the books for next week were larger than the ban and thus have been cancelled. We have been communicating also with Live Nation, the Toyota Music Factory and the Arts Center throughout this process, so that we could assure all parties had the most current information as soon as possible. We are also communicating the cancellations to the restaurants in the immediate ICC area so that they can adjust their staffing plans accordingly. I hope to be able to capture all of the moving pieces in one detailed summary for you next week when we know more about what will be able to be re-booked and what will be an outright cancellation, and when we have the additional STR report data in hand.

We are working to rebook anything that is able to be postponed (versus outright cancelled), ideally within the current fiscal year, as are the hotels (although their fiscal calendars will not necessarily parallel the city's). Unfortunately, many of the meetings that typically take place in the first calendar quarter of the year are things like product launches and sales kickoffs; those are not meetings that will get repeated later in the year. It is a challenge for the Convention Center rebookings because we have limited availability later in the year, but we are working on it. We have two events that are scheduled for just beyond the

current ban window, one of which is going to postpone (March 22 – 1400 ppl) , the other has not made a determination (March 23-600 ppl).

With the Dallas County Disaster Declaration now officially declared, this kicks in Force Majeure implications for the cancellation of contracts. Decisions made prior to the Declaration were subject to cancellation fees and lost deposits; and in most cases, we would be applying those to future business at the ICC, and it would be a property-by-property decision for the hotel bookings. Local hotel tax is due on all room night revenues, including cancellation fees **if** the amount of the cancellation fee is equal to 100 percent of the anticipated room charges. And since the ICVB is typically not privy to the details of those agreements between a client and hotel, we have no way of knowing if any cancellations will result in any HOT collections. Force Majeure will allow cancellation without penalty for those meetings in this initial ban; if the ban were to be extended, the cancellations without penalty will certainly continue. And with news breaking that the President may issue a federal declaration, there will likely continue to be more changes.